

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain



Results for the year ended 31 December 2025

2026 is expected to be a pivotal year, with a stronger pipeline supporting the transition to a sustainable, growth oriented model.

The Board of Touchstar plc ((AIM: TST) "Touchstar", the "Company" or the "Group"), suppliers of mobile data computing solutions and managed services to a variety of industrial sectors, is pleased to announce its results for the twelve months ended 31 December 2025 ("FY25" and "Period").

Key Financials

	2025	2024	
Revenue	£6,821,000	£6,893,000	Decline 1%
Recurring revenue	£3,209,000	£3,051,000	Increase 5.2%
Pre tax (loss)/profit	£(1,341,000)	£388,000	
Post tax (loss)/profit	£(1,081,000)	£366,000	
Adjusted post tax profit *	£312,000	£423,000	Decline 25.8%
Adjusted EPS *	3.83p	5.16p	Decline 25.8%
Basic (loss)/earnings per share	(13.29)p	4.47p	
Total ordinary Dividend per share	3.25p	3.0p	Increase 8.3%
Adjusted EBITDA*	£759,000	£1,156,000	Decline 34.3%
Year-end net cash	£2,338,000	£2,918,000	Decline £580,000
Margins	57.6%	60.2%	Decline 260 basis points

**Excludes exceptional costs of £1,393,000 (note 5)*

(2024: exceptional costs £57,000).

Highlights

- 2025 delivered a resilient underlying performance, with breakeven trading before exceptional items (£2,000 operating profit; £56,000 PBT), despite a year of significant organisational restructuring and product portfolio review.
- Exceptional non cash charges of £1.18m relating to the impairment of development assets, resulted in a statutory loss but do not impact liquidity or operational strength.
- Recurring revenue increased over 5% to £3.21m, representing 47% of total turnover, reinforcing the conscious shift toward a more predictable, SaaS led model.
- Cash remains strong at £2.34m, after funding dividends and share buybacks - demonstrating continued financial resilience and disciplined cost control amid significant inflationary pressure.
- Order intake entering 2026 is materially stronger, with Q1 2026 intake exceeding all corresponding periods since 2021 - supporting confidence in forward momentum

since 2021, supporting continued in forward momentum.

- 2025 restructuring has strengthened the organisational foundation, creating two balanced divisions and embedding clearer accountability, positioning the Group for improved scalability and growth.
- 2026 is expected to be a pivotal year, with a sharper commercial focus, maturing development governance and a stronger pipeline supporting the transition to a sustainable, growth oriented model for future years.

Lynden Jones, CEO of Touchstar commented:

"The Group enters 2026 with a clearer organisational structure, a strengthened leadership team and a more focused strategic direction. The restructuring undertaken during 2025 has created two balanced divisions with improved accountability, enhanced cross selling potential and greater operational efficiency.

While challenges remain, we are confident in the forward direction of the business. The early signs are positive with trading for the first quarter of FY26 in line with expectations and order intake being ahead of the equivalent period in every year since 2021. The focus for the remainder of 2026 is disciplined execution, strengthening pipeline generation, maturing development processes, and building the commercial engine required for sustainable growth."

For further information, please contact:

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Information on Touchstar plc can be seen at: www.touchstarplc.com

Chairman's statement

In 2025, the Group focused on strengthening its foundations for future growth. Under the leadership of our new CEO Lynden Jones, the business has undergone a structured reorganisation designed to improve efficiency, cement collaboration, and embed greater accountability across all functions. While the costs of these changes have impacted our reported results for the year, they reflect the scale of transformation underway which will position the Group more strongly for the future.

Looking ahead, 2026, will be a pivotal year as we reshape the business. Our priorities are clear:

- completing the transition to next generation management;
- repositioning the Group to serve the broader depot, warehouse, and retail markets;
- defining a next generation product range aligned with our brand and long-term strategy, and;
- increasing market profile through stronger communication and marketing.

The Group is moving away from its historic dependence on upgrade related income and is instead positioning itself for longer term, sustainable growth. This involves strengthening our commercial foundations, broadening our routes to market, and embedding a more structured approach to customer engagement. It is a meaningful shift in how the business operates, and while the transition is still progressing, the momentum and direction are firmly aligned with our strategic ambitions.

We recognise that 2026 will remain a transition year, characterised by ongoing market uncertainty and opportunities driven by technology evolution, changing customer needs and a requirement to have operational efficiency. With increased investment and a sharper commercial focus, along with a disciplined approach to product and customer management, Touchstar is well placed to respond.

Dividend

The Board recommends a final ordinary dividend of 1.5p per share (FY24: 1.5p). Together with the interim dividend of 1.75p (FY24: 1.5p) paid in November 2025, this results in a total ordinary dividend for the year of 3.25p (FY24: 3.0p).

Subject to the approval of shareholders at the Annual General Meeting, the final ordinary dividend of 1.5p per share will be paid on 12 August 2026 to shareholders on the register on 24 July 2026. The ex-dividend date will be 23 July 2026.

Financial Results and Exceptional Items

Results for the year ended 31 December 2025 were in line with revised market expectations, albeit below original expectations. Exceptional non trading charges of £1,393,000 comprising:

- £215,000 for senior management reorganisation;
- £1,181,000 impairment of software development costs; and
- £3,000 credit for costs of strategic review.

The impairment has arisen as a result of the Groups new strategy and focus on product groups.

To provide clearer visibility of underlying performance of the business in FY25 the table below shows prior comparison inclusive and exclusive of the exceptional charges taken in 2025.

Metric	FY 25 (Reported)	FY 24	Variance	FY 25 (ex. Exceptionals)	Variance
Revenue	£6,821,000	£6,893,000	- 1%	£6,821,000	- 1%
Admin expenses	£5,302,000	£3,785,000	+ 40%	£3,910,000	+ 3%
Net exceptional costs included in admin expenses	£1,393,000	£57,000			
Operating (loss)/profit before tax	£(1,397,000)	£388,000	-£1,785,000	*£56,000	-£332,000
Basic EPS	(13.29)p	4.47p	- 17.76p		
Adjusted EPS	3.83p	5.16p		3.83p	- 0.64p

*Adjusted profit before tax excludes net exceptional costs of £1,393,000 (note 5) and share based payment provision £6,000 (note 8(b)).

Revenue declined slightly to £6,821,000 (FY24: £6,893,000), reflecting customer hesitancy amid economic uncertainty. Underlying costs (excluding exceptional costs) increased by 3% to £3,910,000, broadly in line with inflation. Including exceptional items, the Group reported a pre tax loss of £1,397,000 (FY24: £388,000 profit). Excluding exceptionals, the pre tax profit was £56,000. After tax, underlying profit (excluding exceptionals) declined by £55,000 from £366,000 in FY24 to £311,000, with adjusted EPS down by 0.64p to 3.83p.

The balance sheet remains strong, with year end cash of £2,338,000 (FY24: £2,918,000). Operating cash flow for FY25 was £736,000. During the year, £479,000 was returned to shareholders through dividends and share buybacks, with 278,583 shares repurchased at an average price of 77.5p. This reduced the voting share capital to 7,921,494 and increased the number of shares being held in treasury to 553,583 shares.

EBITDA

The Group's EBITDA for the year is summarised below, presented on a reported and adjusted basis:

	FY 25 (Reported)	FY 24	FY 25 (Adjusted)
(Loss)/profit before tax	£(1,341,000)	£388,000	*£56,000
Less: Interest net received	£56,000	£66,000	£56,000
Plus: Depreciation	£198,000	£243,000	£198,000
Plus: Amortisation	£561,000	£534,000	£561,000
EBITDA	£(638,000)	£1,099,000	£759,000

*Adjusted profit before tax excludes exceptional costs of £1,393,000 (note 5) and share based payment provision

£6,000.

Historically, the Group has capitalised both internal (salaries) and external (contractor) development costs where management considered that the investment would generate future revenue, amortising these costs over a four year period. As a result, the Group's EBITDA calculation was significantly higher than the operating profit, because capitalised development expenditure was excluded from EBITDA while amortisation was added back. Following the strategic review earlier in the year and findings thereon, a full assessment of the Group's development activity, product roadmap and market positioning was completed in November 2025. The review identified that some existing capitalised development costs no longer met the recoverability requirements, leading to an impairment. It further established that future development work would generally not satisfy the recognition criteria for capitalisation unless it related to new products or clearly defined enhancements.

The combined effect of the revised capitalisation spend, the change in useful economic life, and the impairment is a structural reset of the Group's EBITDA profile. Historically, EBITDA was higher because of:

- high levels of capitalised development expenditure, and
- significant amortisation add backs.

Under the revised model, moving forward EBITDA will now more closely reflects the Group's operating cash performance, with materially lower capitalisation and lower amortisation.

This is explained further in the Statement from the Chief Executive Officer along with note 9.

This revised policy provides a more transparent and comparable measure of performance, giving a clearer view of underlying profitability and aligning the Group with common practice across software and technology enabled businesses.

Outlook

The Group enters 2026 with a clearer organisational structure, a strengthened leadership team and a more focused strategic direction. The restructuring undertaken during 2025 has created two balanced divisions with improved accountability, enhanced cross selling potential and greater operational efficiency.

The Board anticipates a return to revenue growth and profitability in 2027, supported by:

- increased market activity across logistics, fuel distribution, warehousing and access control;
- expansion into targeted overseas markets, including the Nordics and Baltics; and
- the ongoing shift towards SaaS and multi year recurring revenue contracts.

The Board remains confident in the Group's long term prospects, supported by a strong product portfolio, a loyal customer base, a committed workforce and a clear strategy for sustainable growth.

I Martin
Chairman
6 May 2026

Statement from the Chief Executive Officer

2025 marked the beginning of a structured transition for Touchstar as we moved to address long standing commercial, operational, and product related challenges. The business is shifting from a historic reliance on upgrade driven revenues toward a more proactive, sustainable commercial model built more on new business generation, cross selling, and disciplined customer lifecycle management. This represents a significant cultural and operational shift, and while early stage challenges remain, the direction of travel is clear and positive.

Commercial Performance

With the enhanced placement of a project delivery team, the sales team can focus on the next requirement sooner resulting in more sales time. Order intake for the first quarter of 2026 was in line with expectations and ahead of first quarter intake for all years since 2021. This is encouraging given how fragile customer confidence has been and remains.

Our goal is to ratchet up the pipeline coverage to a level that supports a higher growth rate and builds greater resilience into our revenue forecasts. Our goal is to more aggressively manage the sales pipeline ensuring the gestational period is kept as short as possible from quote to order.

Operational Delivery and Product Development

Development remains the most significant operational area requiring improvement. The backlog comprising defects

Development remains the most significant operational area requiring improvement. The backlog-comprising defects, enhancements, technical requirements, and internal product ambitions-is extensive and is now being fully catalogued and prioritised.

Key actions underway include:

- establishing a clear order of priority aligned to generating revenue and maximising customer benefit;
- reducing reactive development activity;
- improving the quality of product releases through a reduction in the frequency of releases; and
- ensuring customers are migrated to current software versions to reduce legacy burden.

A newly appointed Product Delivery Manager is already improving structure and visibility, though the function remains in early stage transition.

Customer Lifecycle and Renewals

The business has made strong progress in reducing exposure to legacy products, with only two customers remaining on legacy hardware platforms. Both are engaged in upgrade discussions, and no material revenue is currently at risk.

Renewal performance remains robust. Work is underway to evolve renewals from an administrative process to a strategic lifecycle engagement model, supported by a complete customer lifecycle database and alignment with the product roadmap.

Sales Execution and Resourcing

Sales execution remains in transition. Pipeline quality and cross selling activity require improvement, and lead generation metrics are still being embedded. However, early indicators are positive, with improved discipline, stronger communication, and greater ownership of performance across the team.

Recruitment plans remain aligned to strategy but are intentionally phased to ensure stability. Internal sales hires are planned for late Q2, and the Fire & Security northern sales role has been approved but not yet initiated.

Overseas Strategy

The overseas channel is progressing from exploratory engagement to early stage development. Initial partner discussions have advanced to a more strategic level, with negotiations underway regarding solution structure and customer ownership. Tangible progress is expected by late Q2 or early Q3.

Outlook

Touchstar is in a period of controlled transition, addressing historic structural weaknesses across sales, development, and customer management. The need for revenue growth is clearly understood and actively managed, and the shift toward a proactive, accountable sales culture is underway. Development governance is improving, customer lifecycle risk has reduced significantly, and renewal performance remains strong.

While challenges remain, we are confident in the forward direction of the business. The early signs are positive with trading for the first quarter of FY26 in line with expectations and order intake being ahead of the equivalent period in every year since 2021. The focus for the remainder of 2026 is disciplined execution, strengthening pipeline generation, maturing development processes, and building the commercial engine required for sustainable growth.

I would personally like to thank all my colleagues across the business for their continued hard work, professionalism, and commitment to excellence. It is the consistent effort of individuals-whether operating in customer-facing roles or supporting functions internally-that underpins the Company's performance. Those engaging directly with customers continue to represent Touchstar with integrity and professionalism, reinforcing our reputation in the market, while our internal teams maintain the operational strength and discipline required to deliver at scale. As the business evolves, it is important to emphasise that recent changes reflect a clearer articulation of who we are and how we present ourselves externally, aligned under our unified strapline, "securing the logistics of people and product." While there have been some departures during this period, we remain focused on supporting those who continue with the business. Their resilience, adaptability, and willingness to take ownership are driving accelerated personal development and ensuring continuity of performance as Touchstar moves forward with clarity and purpose.

L N Jones
Chief Executive Officer
6 May 2026

EXTRACTS FROM THE STRATEGIC REPORT

Business Review and Principal Activities

The Group supplies, installs and maintains licensed software applications and hardware solutions for mobile applications in the transport, logistics, warehousing, fuel distribution and access control industries. Our solutions combine in house developed software, rugged mobile computing hardware and managed services to deliver complete, integrated systems that enhance operational efficiency, compliance and customer service for our clients.

During 2025, the Group continued to develop and enhance its product portfolio, with a particular focus on strengthening cloud based platforms, expanding SaaS capability and improving the performance and usability of our hardware devices. The Group operates under the Touchstar brand, providing consistent brand awareness and a cohesive market presence across all operating companies.

A key development during the year was the restructuring of the business into two balanced divisions, designed to improve operational focus, enhance cross selling opportunities and support the Group's long term growth strategy. This restructuring has strengthened the organisational foundation and positioned the Group for improved scalability and market penetration.

Key Performance Indicators

The Group uses a range of financial and operational key performance indicators (KPIs) to monitor performance, assess progress against strategic objectives and support effective decision making. The KPIs reflect the Group's focus on sustainable growth, recurring revenue expansion, operational efficiency and long term value creation.

Revenue

Total revenue for the year was £6,821,000 (2024: £6,893,000). Revenue remained broadly stable despite a more cautious economic environment and slower customer decision making cycles. The Group continues to prioritise high quality revenue streams, particularly those linked to recurring income and multi year contracts.

Gross Margin

Gross margin for the year was 57.6% (2024: 60.2%). While slightly lower than the prior year, the margin remains robust and reflects the strength of the Group's in house IP, managed service offering and disciplined pricing strategy. Margin performance continues to be a key indicator of product mix, operational efficiency and the value delivered to customers.

Recurring Revenue

Recurring revenue increased over 5% to £3,209,000, representing 47% of total turnover (2024: £3,051,000; 44%). This remains one of the Group's most important KPIs, reflecting the continued transition to a SaaS led model and the growing proportion of predictable, contracted income. The increasing proportion of predictable, contracted revenue provides a stable platform for future investment and supports the Group's transition towards a more scalable, software led business model. The Board remains committed to further strengthening this revenue stream as a strategic priority.

Order Intake

Order intake for the year was £3,651,000 (2024: £4,867,000). The reduction reflects slower order pipeline conversion in the first half of the year and the timing of larger capital projects. Order intake remains a key indicator of future revenue visibility and market activity.

Intake for the first quarter of 2026 was in line with management expectations and exceeds that in all corresponding periods since 2021.

Order Book

The order book at 31 December 2025 was £876,000 (2024: £1,270,000). While lower than the prior year, the pipeline entering 2026 is materially stronger, supported by enhanced product capability, increased cross selling opportunities and a more focused divisional structure.

Operating Profit Before Exceptional Costs

Operating profit before exceptional costs was £2,000 (2024: £408,000 profit). This KPI provides a clearer view of underlying trading performance, excluding non recurring items such as impairment charges and restructuring costs. Even with the impact of inflation on costs, the breakeven position reflects disciplined cost control during a year of transition.

Cash and Liquidity

The Group ended the year with cash of £2,338,000 (2024: £2,918,000), despite spend on product development (£658,000), payment of dividends (£264,000) and execution of share buybacks (£215,000). Cash generation and liquidity remain key KPIs, underpinning the Group's ability to invest in growth and maintain financial resilience.

Employee Retention and Engagement

The Group continues to benefit from a stable and committed workforce, with low attrition and long average tenure. Employee engagement, capability and retention remain critical KPIs, given the importance of technical expertise and customer service to the Group's success.

Order Intake and Order Book

Order intake for the year was £3,651,000 (2024: £4,867,000). The reduction reflects the slower pace of customer decision making across several sectors, particularly in the first half of the year, as well as the timing of larger capital projects.

The order book at 31 December 2025 stood at £876,000 (2024: £1,270,000). While lower than the prior year, the pipeline entering 2026 is materially stronger, supported by increased cross selling opportunities, enhanced product capability and a more focused divisional structure.

The Group's recurring revenue base continues to mitigate fluctuations in order intake, providing a strong foundation for future growth.

Business Environment

The Group's operations remain focused on the logistics, transport distribution, warehousing, fuel delivery and secure access control markets. Although these sectors serve different customer needs, the nature of the products, services and channels to market are comparable, and the Directors therefore continue to regard the Group as operating in one primary segment.

Activity levels across the sectors in which we operate remained steady during 2025, despite a more cautious economic backdrop. Customers continued to invest in technology to improve operational efficiency, compliance and safety, and the Group's ability to provide a complete, integrated solution across hardware, software and managed services remained a key differentiator.

The restructuring undertaken during the year has strengthened the Group's operational alignment and created two balanced divisions with clearer accountability and improved cross selling potential. The two divisions are known as IQ Logistics and Fire & Security with the strap line 'Securing the Logistics of People and Products'. This structure enhances our ability to deliver end-to-end solutions and increases the relevance of our offering across multiple industries.

Strategy

The Group's strategy is to deliver sustainable long term growth through a combination of product innovation, market expansion, operational efficiency and disciplined investment. The restructuring undertaken in 2025 has created a stronger platform from which to execute this strategy.

Strategic Priorities

- Strengthen recurring revenue through continued expansion of SaaS licences, multi year support contracts and managed services.
- Enhance product capability across both software and hardware, including the Back Office platform, ATEX and non ATEX devices, and next generation access control terminals.
- Expand market reach, with a focus on the Nordics, Baltics and selected US opportunities, supported by targeted marketing and partner channels.
- Increase cross selling between divisions to maximise customer lifetime value and improve solution penetration.
- Pursue selective acquisitions that complement the Group's product set, strengthen market position and accelerate growth.
- Improve operational efficiency through clearer divisional accountability, streamlined processes and enhanced use of technology.

Use of AI in Development

The Group continued to adopt AI enabled tools, including GitHub Copilot, to support software enhancements. These tools improve code quality, reduce development time and enhance security by identifying vulnerabilities earlier in the process. Importantly, all software developed using these tools remains the intellectual property of Touchstar.

Consolidated income statement for the year ended 31 December 2025

	2025	2024
	£'000	£'000
Revenue	6,821	6,893
Cost of sales	(2,889)	(2,743)
Gross profit	3,932	4,150
Distribution costs	(27)	(43)
Administrative expenses	(5,302)	(3,785)
Operating profit before exceptional costs and share-based payment provision	2	408
Exceptional costs	(1,393)	(57)
Share-based payment provision included in administrative expenses	(6)	(29)
Operating (loss)/profit	(1,397)	322
Finance income	76	79
Finance costs	(20)	(13)
(Loss)/profit before income tax	(1,341)	388
Income tax credit/(charge)	260	(22)
(Loss)/profit for the year attributable to the owners of the parent	(1,081)	366

Earnings per ordinary share (pence) attributable to owners of the parent during the year:

	2025	2024
Basic	(13.29)p	4.47p
Adjusted	3.83p	5.16p
Diluted	(13.29)p	4.43p

The exercise price of all share options granted at 31 December 2025 were below the average market share of ordinary shares during the period to 31 December 2025 and therefore deemed dilutive.

There is no other comprehensive income or expense in the current year or prior year and consequently no statement of other comprehensive income or expense has been presented.

All activity in 2025 relating to continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in the Statement of financial position and the Company statement of changes in shareholders' equity.

Consolidated statement of changes in equity for the year ended 31 December 2025

	Share capital £'000	Treasury shares £'000	Share based payment reserves £'000	Retained earnings £'000
At 1 January 2024	424	(252)	117	2,974
Dividend to shareholders	-	-	-	(246)
Repatriation of unclaimed dividends	-	-	-	24
Share based payment charge	-	-	29	-
Transactions with shareholders in the period	-	-	29	(222)
Total comprehensive income (profit for the year)	-	-	-	366
At 31 December 2024	424	(252)	146	3,118
Dividend to shareholders	-	-	-	(264)
Purchase of own shares	-	(215)	-	-
Share based payment charge	-	-	6	-
Transactions with shareholders in the period	-	(215)	6	(264)
Total comprehensive income (profit for the year)	-	-	-	(1,081)
At 31 December 2025	424	(467)	152	1,773

Company statement of changes in equity for the year ended 31 December 2025

	Share capital £'000	Treasury shares £'000	Share based payment reserves £'000	Retained earnings £'000
At 1 January 2024	424	-	117	2
Dividend to shareholders	-	-	-	(24)
Repatriation of unclaimed dividends	-	-	-	-
Share based payment charge	-	-	29	-
Transactions with shareholders	-	(252)	29	(22)
Total comprehensive income (profit for the year)	-	-	-	5
At 31 December 2024	424	(252)	146	5
Dividend to shareholders	-	-	-	(26)
Purchase of own shares	-	(215)	-	-

Share based payment charge	-	-	6	
Transactions with shareholders	-	(215)	6	(26)
Total comprehensive income (profit for the year)	-	-	-	71
At 31 December 2025	424	(467)	152	1,071

Consolidated and Company statements of financial position as at 31 December 2025

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Non-current assets				
Intangible assets	204	1,288	-	-
Investments	-	-	125	119
Property, plant and equipment EQUIPMENTEQUIPMENTEQUIPMENT EQUIPMENTEquipment	151	108	-	-
Right-of-use assets	573	180	-	-
Deferred tax assets	111	9	2	9
Trade and other receivables	119	88	-	-
	1,158	1,673	127	128
Current assets				
Inventories	708	992	-	-
Trade and other receivables	1,136	1,650	5	2
Corporation tax receivable	84	87	-	-
Cash and cash equivalents	2,493	2,918	1,166	1,240
	4,421	5,647	1,171	1,242
Total assets	5,579	7,320	1,298	1,370
Current liabilities				
Trade and other payables	1,134	1,383	115	480
Borrowings	155	-	-	-
Contract liabilities	1,733	2,018	-	-
Lease liabilities	158	91	-	-
	3,180	3,492	115	480

Non-current liabilities

Deferred tax liabilities	8	170	-	-
Contract liabilities	101	148	-	-
Lease liabilities	408	74	-	-
	517	392	-	-
Total liabilities	3,697	3,884	115	480

**Consolidated and Company statement of financial position as at 31 December 2025
(continued)**

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Capital and reserves attributable to owners of the parent				
Retained earnings	1,773	3,118	1,074	572
Share capital	424	424	424	424
Treasury shares	(467)	(252)	(467)	(252)
Share based payment reserve	152	146	152	146
Total equity	1,882	3,436	1,183	890
Total equity and liabilities	5,579	7,320	1,298	1,370

Consolidated and Company cash flow statement for the year ended 31 December 2025

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Operating activities				
Operating (loss)/profit	(1,397)	322	10	(31)
<i>Adjustments for:</i>				
Depreciation	198	243	-	-
Amortisation	561	534	-	-
Impairment of intangible assets	1,182			
Share-based payment provision	6	29	6	5
<i>Movement in:</i>				
Inventories	284	161	-	-
Trade and other receivables	483	(539)	3	237
Trade and other payables and contract liabilities	(581)	290	(377)	359
Cash generated from/(used in) operations	736	1,040	(358)	570
Interest received	76	79	13	-

Interest paid	(28)	(13)	Company	-
	Group			
Net cash generated from operating activities	792	1,106	(345)	570
	2025	2024	2025	2024
Investing activities	£'000	£'000	£'000	£'000
Addition of intangible assets	(659)	(684)	-	-
Purchase of property, plant and equipment	(90)	(89)	-	-
Net cash used in investing activities	(749)	(773)	-	-
Financing activities				
Dividend paid to shareholders	(264)	(246)	(264)	(246)
Repatriation of unclaimed dividends	-	24	-	24
Purchase of own shares	(215)	-	(215)	-
Dividend received from subsidiary	-	-	750	600
Principal elements of lease payments	(144)	(198)	-	-
Net cash (used)/generated from financing activities	(623)	(420)	271	378
Net (decrease)/increase in cash and cash equivalents	(580)	(87)	(74)	948
Cash and cash equivalents at start of the year	2,918	3,005	1,240	292
Cash and cash equivalents at end of the year	2,338	2,918	1,166	1,240

1 General information

Touchstar plc (the 'Company') and its subsidiaries (together 'the Group') design and build rugged mobile computing devices and develop software solutions used in a wide variety of field-based delivery, logistics and service applications. The Company is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company's are traded on AIM. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2 Basis of preparation

The final results for the year ended 31 December 2025 have been prepared in accordance with the accounting policies set out in the annual report and the accounts for the year ended 31 December 2024.

The Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs and the AIM Rules for Companies. The Group Financial Statements have been prepared under the historical cost convention.

While the financial information included in this final announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies used in preparation of this final announcement have remained unchanged from those set out in the Group's 2024 statutory financial statements other than those described below. They are also consistent with those in the Group's statutory financial statements for the year ended 31 December 2025 which have yet to be published. The final results for the year ended 31 December 2025 were approved by the Board of Directors on 5 May 2025.

The financial information set out in this final announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2025 but is derived from those financial statements which were approved by the Board of Directors on 5 May 2025. The Auditors have reported on the Group's statutory financial statements and their report was unqualified and (ii) did not contain a statement under section 498(2) or 498(3) Companies Act 2006. The statutory financial statements for the year ended 31 December 2025 have not yet been delivered to the Registrar of Companies and will be delivered following the Company's Annual General Meeting.

The comparative figures are derived from the Group's statutory financial statements for the year ended 31 December 2025 which carried an unqualified audit report, did not contain a statement under section 498(2) or 498(3) Companies Act 2006 and have been filed with the Registrar of Companies.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities when they fall due. As of 31 December 2025, the Group held unencumbered cash of £2,338,000 (2024: £2,919,000), after considering overdraft balances. The Group still holds an undrawn £200,000 on demand overdraft facility as of 31 December 2025 (also £nil in April 2026).

The Group enters 2026 following a year of significant organisational transformation. Under the leadership of the new CEO, Lynden Jones, the Group implemented a structured reorganisation designed to improve operational efficiency, strengthen cross functional collaboration, and embed clearer accountability across all business units.

While these changes temporarily impacted reported results for FY25, they represent a deliberate investment in the Group's long term capability and competitiveness. The Group remains financially resilient, with a strong balance sheet, a high quality recurring revenue base, and a disciplined approach to cost management.

Management recognises that 2026 will continue to be a transition year, characterised by both macroeconomic uncertainty and opportunities driven by evolving customer needs and technology. With increased commercial focus, targeted investment, and a more streamlined operating model, the Group is well positioned to respond.

The directors remain confident in the business, the skillset employed in its dedicated staff, its solid product set and loyal customer base.

The Group continues to benefit from a supportive bank which has provided the borrowing facility since 2005. The Group has removed its reliance on the facility provided by the bank and since early 2023 has an average of £1,200,000 placed on medium term deposit thereby generating cash via receivable interest. In assessing the Company's ability to continue as a going concern, the Board has reviewed the Group's cash flow and profit forecasts removing completely reliance on any facilities. The impact of potential risks and related sensitivities to the forecasts were considered in assessing the likelihood of additional facilities being required in the future.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3 Critical accounting estimates and judgements

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfies the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on the development project. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

(b) Impairment of intangibles

As part of the detailed assessment completed in November 2025, management reviewed the Group's capitalised development costs and the expected future economic benefits associated with each project. This review formed part of the Group's normal impairment assessment process and required significant judgement in determining whether the carrying amounts of these assets remained recoverable.

The impairment evaluation involved estimating the recoverable amount of the relevant assets, based on the higher of value in use and fair value less costs of disposal. These calculations require management to make a number of key estimates, including projected future cash flows and the expected useful life of the assets. Changes in these assumptions could materially affect the recoverable amount and therefore the level of impairment recognised.

the level of impairment recognised.

Judgement was also required in assessing whether previously capitalised development expenditure continued to meet the criteria for recognition under the accounting standards. Where the November 2025 assessment indicated that the anticipated economic benefits were no longer sufficient to support the carrying value, an impairment was recognised.

(c) Stock provisions

Judgement is required in relation to the appropriate provision to be made for the write down of slow moving or obsolete inventory. Such provisions are made based on the assessment of the Group's prospective sale of inventories and their net realisable value, which are subject to estimation uncertainty.

4 Analysis of revenue

	2025	2024
	£'000	£'000
Recognised at a point in time	3,612	3,842
Recognised over time (recurring revenue)	3,209	3,051
	6,821	6,893

5 Exceptional costs

Exceptional costs recognised in the year relate to non recurring items arising from the Group strategic review and restructuring including the impairment of the intangible assets (note 15). These costs are not considered reflective of the Company's underlying operating performance.

These items are considered exceptional due to their size, nature, and non recurring characteristics. They have been presented separately to provide a clearer understanding of the Company's underlying financial performance for the year.

	2025	2024
	£'000	£'000
Cost of the Strategic review	(3)	57
Impairment of intangible assets (note 15)	1,181	-
Restructuring and integration costs	215	-
	1,393	57

6 Income tax credit

	2025	2024
	£'000	£'000
Corporation tax		
Current tax credit	-	(87)

Adjustment in respect of prior years	2025 4	202418
Deferred tax (credit)/charge	£'000 (264)	£'000 91
	(260)	22

Corporation tax is calculated at a rate of 25% (2024: 25%) of the estimated assessable profit for the year.

Factors affecting the tax credit for the year

The charge for the year can be reconciled to the reported profit as follows:

	2025 £'000	2024 £'000
(Loss)/profit before income tax	(1,341)	388
Multiplied by the calculated standard rate of corporation tax in the UK of 25% (2024: 25%)	(335)	97
Effects of:		
Items not deductible for tax purposes	-	8
Enhanced research and development deduction	(65)	(201)
Surrender of tax losses for R&D tax credit	-	131
Losses recognised in the period	-	7
Use of previously recognised losses	(28)	(46)
Use of previously unrecognised losses	-	(32)
Difference between writing-down allowances and depreciation	164	40
Adjustment in respect of prior years	4	18
Total tax (credit)/charge for the year	(260)	22

Factors affecting the future tax charge

There are no factors currently affecting the future tax charge.

7 Dividends

During the year an interim dividend of 1.75p per share was paid (2024: 1.5p). The board recommends a final dividend of 1.5p per share (2024: 1.5p). Together with the interim dividend of 1.75p, paid in November 2025, gives a total dividend for the year of 3.25p (2024: 3.0p).

8 Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees where the exercise price is less than the market price of the Company's ordinary shares at the year end.

	2025 Pence per share	2024 Pence per share
Basic	143.20p	141.70p

BASIC	(13.29)p	4.41p
Adjusted	3.83p	5.16p
Diluted	(13.29)p	4.43p

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

	2025 £'000	2024 £'000
Basic earnings attributable to owners of the parent - for Basic EPS	(1,081)	366
Exceptional costs (note 5)	1,393	57
Adjusted earnings attributable to owners of the parent - for Adjusted EPS	312	423

	2025 No.	2024 No.
Basic weighted average number of shares, excluding own shares, in issue	8,129,096	8,200,077
Dilutive effect of share options	13,887	62,479
Dilutive weighted average number of shares, excluding own shares, in issue	8,142,983	8,262,556

9 Intangible assets

	Group		
	Goodwill £'000	Development expenditure £'000	Total £'000
Cost			
At 1 January 2024	8,591	4,182	12,773
Additions	-	684	684
Disposal	-	(587)	(587)
At 31 December 2024	8,591	4,279	12,870
Additions	-	659	659
Disposal	-	(4,217)	(4,217)
At 31 December 2025	8,591	721	9,312

	Accumulated amortisation		
At 1 January 2024	8,591	3,045	11,636
Amortisation charge	-	534	534
Disposal	-	(587)	(587)
At 31 December 2024	8,591	2,992	11,583
Amortisation charge	-	561	561
Disposal	-	(4,217)	(4,217)
Impairment	-	1,181	1,181
At 31 December 2025	8,591	517	9,108

Net book value	Group		
	Goodwill	Development expenditure	Total
At 31 December 2025	£'000	£'000	£'000
At 31 December 2024	-	1,288	1,288
At 1 January 2024	-	1,137	1,137

Amortisation of £561,000 (2024: £534,000) is included within administrative expenses in the income statement.

Development expenditure

The calculation of the costs incurred includes third party developers along with the percentage of time spent by certain employees on hardware and software development for deployment in business operations. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

Management determined budgeted sales growth based on historic performance and its expectations of market development via each product set's underlying pipeline.

During the year the Group completed a strategic review of its software development activities and product roadmap. Following this review, management determined that the Group's historic development model, which supported capitalisation of internal and external development costs and amortisation over four years, no longer reflects the pattern of expected economic benefit.

The Group has transitioned to a continual iteration development model in which updates and enhancements rapidly supersede prior versions. Customers have also been migrated to recent software versions, with legacy versions no longer supported or capable of generating future economic benefit.

In accordance with IAS 36, management performed an impairment review of all capitalised software assets. The key assumptions used in the assessment were the allocation of revenue and costs to the software assets where impairment indicators were identified and the time-frame cash flow forecasts were assessed of 12 months.

Whilst different allocations of costs could have led to a material asset still being recorded on the balance sheet. The Directors consider that the estimates used in determining the impairment charge represent the most appropriate assumptions based on the information available at the reporting date.

An impairment charge of £1,181,000 has therefore been recognised in the period.

Remaining development expenditure relating to hardware continues to be capitalised on an ongoing basis and therefore has a remaining useful economic life ranging from 0 to 5 years.

10 Property, plant and equipment

	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2024	243	346	589
Additions	65	24	89
At 31 December 2024	308	370	678
Additions	50	40	90
Disposals	-	(28)	(28)
At 31 December 2025	358	382	740

Accumulated depreciation

At 1 January 2024	209	314		523
Charge for the year	Plant and machinery	Fixtures, fittings, tools and equipment		47
At 31 December 2024	236	334		570
	£'000	£'000	Total	£'000
Charge for the year	28	19		47
Disposals	-	(28)		(28)
At 31 December 2025	264	325		589

Net book value

At 31 December 2025	94	57		151
At 31 December 2024	72	36		108
At 1 January 2024	34	32		66

Depreciation expenditure of £47,000 (2024: £47,000) is included within administrative expenses in the income statement.

11 IFRS 16 Right of use assets

	Premises	Motor vehicles		
	£'000	£'000	Total	£'000
Cost				
At 1 January 2024	510	358		868
Additions	-	152		152
Disposals	(510)	(217)		(727)
At 31 December 2024	-	293		293
Additions	492	52		544
Disposal	-	(59)		(59)
At 31 December 2025	492	286		778

Accumulated depreciation

At 1 January 2024	409	234		643
Charge for the year	92	104		196
Disposals	(501)	(225)		(726)
At 31 December 2024	-	113		113
Charge for the year	55	96		151
Disposal	-	(59)		(59)
At 31 December 2025	55	150		205

Net book value

At 31 December 2025	437	136		573
At 31 December 2024	-	180		180
At 1 January 2024	101	124		225

The Manchester lease expired in December 2024 and rolled over under the Landlord and Tenant Act 1985 this lease was renewed on similar terms in April 2025. The lease for East Sussex expired in December 2024 and was vacated with the team being relocated to shared offices on a short-term rental.

Depreciation expenditure of £151,000 (2024: £196,000) is included within administrative expenses in the income statement.

12 Deferred tax

12.1 Deferred tax asset

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1 January	9	20	9	2
Credited/(charged) to income statement	102	(11)	(7)	7
At 31 December	111	9	2	9

The deferred tax asset for the Group relates to unused tax losses of £650,000 (2024: £600,000).

The Group has an unrecognised deferred tax asset of £330,000 (2024: £537,000) in relation to unused tax losses. This has not been recognised as the Group considers there is uncertainty as to when the losses will be realised in future years.

12.2 Deferred tax liability

	2025	2024
	£'000	£'000
At 1 January	170	90
Credited/(charged) to income statement	(162)	80
At 31 December	8	170

Deferred tax (liability)/asset analysis:

	2025	2024
	£'000	£'000
Amount in respect of fixed assets	(8)	(170)
Amount in respect of losses	111	9

13 Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,493	2,918	1,166	1,240
Less: bank overdraft (note 25)	(155)	-	-	-
	2,338	2,918	1,166	1,240

The above balances are not offset in the Consolidated Statement of Financial Position and are included for illustrative purposes only.

The Company holds cash on deposit included as cash and cash equivalents. The amount held on 32-day notice deposit at 31 December 2025 was £1,291,000 earning interest at a rate of 4.3% per annum (2024: £1,030,000 on 95-day notice at a rate of 3.55% per annum) The Group bank overdraft facility is secured by a bond and floating charge over the entire assets of the Group.

by a bond and floating charge over the entire assets of the Group.

The carrying amounts of borrowings approximate to their fair value due to their short-term maturity, meaning that the impact of discounting is not significant. The carrying amounts of the Group's borrowings are denominated solely in sterling.

The Group bank overdraft facility is secured by a bond and floating charge over the entire assets of the Group.

At 31 December 2025, the Group had total committed undrawn facilities of £200,000 (2024: £200,000).

The Group now operates within a £200,000 net overdraft facility which takes into account both the gross cash position of each Group entity netted off against any borrowings. As at the 31 December 2025, this represents the net cash and cash equivalents balance of £2,338,000 (2024: £2,918,000) in Note 23.

The Company and its subsidiaries have given a guarantee in relation to the overdraft facilities extended to The Group.

14 Reserves

14.1 The following describes the nature of each reserve within equity:

Reserve	Description and purpose
Share-based payment reserve	Provision for options granted under the Group Enterprise Management Incentive Scheme.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Treasury shares	Weighted average cost of own shares held in treasury.

14.2 The following describes the nature of each transaction within equity:

Reserve transactions	Description and purpose
Purchase of own shares	At the 31 December 2025 the Group held 553,583 of its own shares with a fair value of £467,000, these are being held in treasury (2024: 275,000 with a fair value of £252,000). 278,583 shares were repurchased during the year at a fair value of £215,000 (2024: nil repurchased).

15 Share capital

Group and Company

	2025 Number	2025 £'000	2024 Number	2024 £'000
Ordinary shares of 5p each	8,475,077	424	8,475,077	424

All shares are authorised, issued and fully paid up.

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